

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Conference Call, Treasurer's Conference
Room
May 12, 2022 – 9:00 a.m.

Please note all member participated via telephone, video, or teleconference:

Members present:

ERIC DAVIS, VSEA Representative (term expiring September 30, 2022)
ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2022)
JEAN-PAUL ISABELLE, VSEA Representative (term expiring September 30, 2022)
BETH PEARCE, VT State Treasurer
ADAM GRESHIN, Commissioner of Finance and Management
BETH FASTIGGI, Commissioner of Human Resources
JAY WISNER, Governor's Delegate position

Members absent:

ROGER DUMAS, Chair, VRSEA Representative (term expiring October 31, 2022)
THOMAS MOZZER, VSEA Representative (term expiring October 31, 2022)

Also attending:

Michael Clasen, Deputy State Treasurer
Tim Duggan, Director, Vermont Retirement Systems
Lesley Campbell, Deputy Director, Retirement Policy and Outreach
Stephen Barry, Financial Administrator I, Retirement Division
Owen Doherty, Executive Assistant to the Treasurer
Eric Henry, Chief Investments Officer
Ashlynn Doyon, Director of Financial Literacy and Outreach
Rocco Attanasio, Empower Retirement
Gabe D'Ulisse, Empower Retirement
Joseph Fein, Empower Retirement
Ronald Sanville, Empower Retirement
Susan Kibbe, Empower Retirement
Ann Arch, Empower Retirement
Melissa Chiumento, Empower Retirement

The Vice Chair, Eric Davis, called the Thursday, May 12, 2022 meeting to order at 9:03 a.m., which was held by conference call and in-person at the Treasurer's Conference Room, Pavilion Building, 4th Floor, 109 State Street, Montpelier, VT.

ITEM 1: Agenda approval and announcements

On a motion made by Ms. Pearce, seconded by Mr. Isabelle, the Board voted unanimously to approve the agenda.

ITEM 2: Approve the Minutes of:

- April 14, 2022

On a motion made by Mr. Isabelle, seconded by Ms. Fastiggi, the Board voted unanimously to approve the minutes of the April 14, 2022.

ITEM 3: Empower Quarterly Update – 457(b) & SDIA 1st Quarter Reports

Mr. D’Ulisse provided an update to the Board regarding the transition to Empower as well as key market updates, including fears of inflation, labor issues, and the domestic and geo-political landscape.

Mr. D’Ulisse presented the quarterly report for the 457(b) Deferred Compensation plan. As of the end of the quarter, there were 8,283 participants with total participant balances of \$646,895,599 and average participant balance of \$78,099. Plan assets in GoalMaker totaled \$95,699,623 representing 2,386 participants and a 28.7% participation rate. There were 161 new enrollments, the slowdown over the prior year can be attributed to the economic climate. There were 1,918 participants in Roth representing \$25,695,517 in assets. The Roth continues to be a popular election by participants, especially for younger enrollees as a hedge.

Mr. Sanville and Ms. Kibbe provided an update from the in-state counselors. As of the end of the quarter there were 725 individual participant meetings, 79 new enrollments as a result, and \$287,000 in rollovers into the plan. The team continues to use WebEx for counseling and providing virtual group presentations however is beginning to integrate in-person meetings.

Mr. D’Ulisse presented the quarterly report for the SDIA. As of the end of the quarter, there were 831 participants with \$28,859,853 in assets. There were 191 distributions representing \$463,948.

Mr. Fein presented the investment report for the 457(b) Deferred Comp Plan. Overall performance for the quarter was negative, however 3-to-5-year returns remain positive. Value stocks have begun to outperform growth stocks in both domestic and global markets; however, participants are shielded by the diversification of the funds. All funds in the plan are currently meeting performance criteria. Mr. Davis inquired about developments in the bond market and Treasury yields. Mr. Fein discussed possible scenarios for the future of the bond market depending on the impacts of interest rate increases and long-term rate outlook.

Ms. Pearce inquired about the stable value smoothing formula and the rate derivation. Mr. Fein committed to providing more information to the Treasurer and Mr. Henry’s team.

Representatives from Empower left the meeting at 10:12 a.m.

ITEM 4: Legislative Update

The Treasurer informed the Board that the pension bill, S.286, had become law following the governor’s veto and unanimous override of the veto in the General Assembly. Ms. Pearce scheduled an agenda item for the June meeting to update the actuarially determined employer contribution (ADEC) request due to changes in contribution structure in S.286.

ITEM 5: Disability Recommendation(s) from the April 21, 2022 meeting of the Medical Review Board:

On a motion made by Ms. Fastiggi, seconded by Mr. Isabelle the Board voted unanimously to enter Executive Session at 10:21 a.m. pursuant 1 V.S.A. § 313 in order to discuss personal medical information.

The Board came out of Executive Session at 10:25 a.m.

On a motion made by Mr. Wisner, seconded by Mr. Isabelle, the Board voted unanimously to accept the recommendation of the Medical Review Board for the disability retirement for Peter Carpenter.

On a motion made by Ms. Pearce, seconded by Mr. Wisner, the Board voted unanimously to accept the recommendation of the Medical Review Board for the disability retirement for Joseph Porreca III.

ITEM 6: Other business and public comment

Ms. Pearce gave additional legislative updates regarding the enactment of Group G as set out in S.286. The Treasurer also updated the Board on the longevity incentive report.

Mr. Duggan announced an update from VPIC as an agenda item for the June meeting. Mr. Duggan also announced Lesley Campbell's departure from the Retirement Division. The Board wished Ms. Campbell well in her future endeavors.

On a motion made by Ms. Pearce, seconded by Mr. Wisner, the Board voted unanimously to thank Lesley Campbell for her ten years of service at the Retirement Division.

ITEM 7: Adjournment

On a motion made by Mr. Isabelle, seconded by Ms. Pearce, the Board voted unanimously to adjourn at 10:35 a.m.

Next Meeting Date:

The next regularly scheduled VSERS Board meeting is on June 9, 2022 at 9:00 a.m.

Respectfully submitted,



Stephen Barry
Financial Administrator I